Ebbw Vale Consortium Limited

Annual report and financial statements

Registered number 1338409

30 June 2016

Contents

Strategic report

The Directors present their annual strategic report and the financial statements of Ebbw Vale Consortium Limited (the 'Company') for the period ended 30 June 2016

Principal activities
The principal activities of the Company during the period related to retail pharmacy.

Business review
The results of the Company for the period are set out in the income statement on page 5. Revenue for the period was £989,000 (period to 4 July 2015 £1,488,000) with profit before taxation of £106,000 (period to 4 July 2015: Profit of £267,000) The prior year financial statements were prepared for a 80 week period. Prior year results are therefore not comparable.

Future development and performance of the business
The future development of the business is to improve gross margins and maximise profitability by realising efficiencies within the business

Principal risks and uncertainties
The key business risks and uncertainties affecting the Company are considered to relate to government funding policy for community pharmacy, competition from both national and independent retailers, employee retention and product availability

Key performance indicators
The Company is part of the Well Pharmacy division (the 'Well group') of Bestway (Holdings) Limited. The key performance indicators of the Well group which are monitored by the directors include financial performance, growth in and engagement of members of the group, growing customer loyalty and the corporate reputation of the group, which is in addition to monitoring revenue and profitability of the Company.

By order of the Board

C Hilton
Secretary

Date 16/03/2017

Registered Office.
Merchants Warehouse
Castle Street
Manchester
M3 4LZ

Directors' report

The Directors present their report and financial statements for the period ended 30 June 2016.

Dividend
The Directors do not recommend the payment of a dividend (period ended 4 July 2015· £nil).

Directors
The Directors who held office during the period were as follows
J B Nuttall
A J Smith

The Directors benefited from third party indemnity provisions in place during the financial period and at the date of this report.

Employees
The main communication with employees is via the intranet site. This includes business specific information provided through Branch Support Emails All managers are kept informed about the group's performance through annual reports, management bulletins and the electronic weekly news service

The Company's policy is to recruit disabled workers for those vacancies they are able to fill All necessary assistance with initial training courses is given Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities

Employees are also consulted on a regular basis so that the views of the employees can be taken into account in making decisions which are likely to affect their interests

Financial instruments
For information regarding the financial risk management of the Company, refer to Note 15.

Corporate governance
The Company is an indirect subsidiary of Bestway Panacea Holdings Limited. The Directors sit on the Well Businesses Board who determine the major operating decisions of this Company.

The Board meets monthly and reviews operating performance against the strategic business plan and detailed management budgets. This strategic business plan incorporates all aspects of strategy and associated risks, all proposals for contract variations are vetted before approval against the plan. The Board reserves its own decision on contractual expenditure above a certain amount and associated funding. The Board comprises of 5 Directors from the business and a non-executive director

The Board, after seeking appropriate external advice, decides upon the accounting policies which are appropriate for the Company and ensures they are consistently applied The Board has instigated a rigorous process of internal control, under the discipline of contractual agreements, in order to safeguard the outcomes for the Company in terms of operational performance, financial control, legal and regulatory compliance provisions for risk factors and longer term relationships

Political contributions
The Company has made no political donations during the period (period ended 4 July 2015 £nil)

Going concern
The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The Company made a post-tax profits of £85,000 in the current year and the Directors expect continued profits at this level. The Company had net assets of £945,000 as at 30 June 2016. Based on this the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

By order of the Board

C Hilton
Secretary

Date 16/03/2017

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Merchants Warehouse
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M3 4LZ

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101')
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Income statement
for the period ended 30 June 2016

	Notes	Period ended 30 June 2016 £'000	Period ended 4 July 2015 £'000
Revenue		**989**	1,488
Cost of sales		**(668)**	(958)
Gross profit		**321**	530
Administrative expenses		**(215)**	(263)
Profit before taxation	2	**106**	267
Taxation	5	**(21)**	-
Profit for the period		**85**	267

All amounts relate to continuing activities.

Statement of comprehensive income
for the period ended 30 June 2016

The Company has no recognised income or expenses in the current or prior period other than those included in the income statement shown above.

The notes on pages 8 to 15 form part of these Financial Statements.

Balance Sheet
at 30 June 2016

	Notes	**As at 30 June 2016 £'000**	**As at 30 June 2016 £'000**	As at 4 July 2015 £'000	As at 4 July 2015 £'000
Non-current assets					
Property, plant and equipment	6	**8**		6	
Total non-current assets			**8**		6
Current assets					
Inventories	7	**32**		25	
Trade and other receivables	8	**938**		870	
Cash and cash equivalents		**1**		1	
Total current assets		**971**		896	
Current liabilities					
Trade and other payables	9	**(21)**		(42)	
Provisions	10	**(13)**		-	
Net current assets			**937**		854
Net Assets			**945**		860
Equity					
Called up share capital	11		**-**		-
Retained earnings			**945**		860
Total equity			**945**		860

For the year ending 30 June 2016 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors on 16th March 2017 and were signed on its behalf by:

A J Smith
Director

The notes on pages 8 to 15 form part of these Financial Statements

Statement of changes in equity
for the period ended 30 June 2016

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 4 July 2015	-	860	**860**
Profit for the period	-	85	**85**
Balance at 30 June 2016	**-**	**945**	**945**
Balance at 4 January 2014	-	593	593
Profit for the period	-	267	267
Balance at 4 July 2015	-	860	860

All items are shown net of tax.

The notes on pages 8 to 15 form part of these Financial Statements

Notes
(forming part of the financial statements)

1 Accounting policies

Reporting entity

Ebbw Vale Consortium Limited (the Company) is a Company domiciled in England and Wales The address of the Company's registered office is Well, Merchants Warehouse, Castle Street, Manchester, M3 4LZ.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it is a wholly owned subsidiary of Bestway (Holdings) Limited, a company incorporated in England and Wales. These financial statements present information about the Company as an individual undertaking only The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments

The Company's ultimate parent undertaking, Bestway Holdings Limited includes the Company in its consolidated financial statements The consolidated financial statements of Bestway Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures :
• a Cash Flow Statement and related notes;
• Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
• Disclosures in respect of transactions with wholly owned subsidiaries ;
• Disclosures in respect of capital management,
• The effects of new but not yet effective IFRSs,
• Disclosures in respect of the compensation of Key Management Personnel, and
• Disclosures of transactions with a management entity that provides key management personnel services to the Company

As the consolidated financial statements of [ultimate parent undertaking] include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures :
• Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
• Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company [in the current and prior periods including the comparative period reconciliation for goodwill; and
• Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting date

The Company's accounting reference period ends on 30 June. However in the comparative period as stated in these accounts, as permitted by Section 390 (3) and 390 (5) of the Companies Act 2006, the Company did apply for the seven day rule and prepared the prior period financial statements to 4 July 2015 as to be in line with the Well Group's period end.

Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons. The Company made a post-tax profits in the current year and the Directors expect continued profits at this level. The Company had net assets as at 30 June 2016. Based on this the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Notes *(continued)*

1 Accounting policies (continued)

Property, plant and equipment and depreciation

(i) Owned assets

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	2 5% per annum
Plant and machinery	-	10% - 33% per annum
Fixtures and fittings	-	10% - 33% per annum

The residual value, if not insignificant, is reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

No depreciation is provided on freehold land.

(ii) Leased assets

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses

Impairment

The carrying amount of the Company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount Impairment losses are recognised in the income statement.

The recoverable amount of the Company's assets is the greater of their net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of these assets, an impairment loss is reversed if there has been a change in the estimates based on an event subsequent to the initial impairment used to determine the recoverable amount

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised for goodwill shall not be reversed in a subsequent period

Pensions and other post-retirement benefits

The Company makes contributions towards the personal (defined contribution) pension scheme Pension costs charged against profits represent the amounts payable to the schemes in respect of the period

Inventories

Inventories and work in progress are stated at the lower of cost, including attributable overheads, and net realisable value.

Notes *(continued)*

Operating segments

The Company's chief operating decision makers are the Board of Directors. The Company does not have any different components of its business which would need to be disclosed separately under IFRS 8 *Operating Segments*

Taxation

(i) Income tax
Income tax on the profit or loss for the year comprises current and deferred tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred taxation

Deferred tax is provided, with no discounting, using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In the case of investment properties it is assumed that uplifts on valuation principally reflect future rentals

Revenue

Revenue includes cash sales and goods sold on credit, exclusive of Value Added Tax. NHS sales, included in group revenue are estimated for May to July by reference to the number of items dispensed, the expected cost of drugs, together with the remuneration element published by the National Health Service

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability

2 Profit before taxation

	Period ended 30 June 2016 £'000	Period ended 4 July 2015 £'000
Profit before taxation is stated after charging :		
Depreciation	1	2

3 Staff numbers and costs

The staff were employed by an intermediary holding company, Bestway Panacea Holdings Limited, and associated costs incurred and recharged amounted to £139,243 (period ended 4 July 2015 £223,972).

Directors' remuneration is respect of services provided to the Company were £nil (for the period ended 4 July 2015: £nil).

4 Pension Scheme

The Company is a wholly owned subsidiary of Bestway Panacea Holdings Limited which operates a defined contribution scheme. Full details of the scheme for the period ending 30 June 2016 are disclosed in the Bestway Panacea Holdings Limited financial statements for that period

The amount recognised as an expense in respect of the contribution for this Company was £6,777 This is included in the staff costs as disclosed in note 3.

Notes *(continued)*

5 Taxation

Analysis of charge/(credit) in period	**2016**	**2016**	2015	2015
	£'000	**£'000**	£'000	£'000
UK corporation tax				
Current tax on income for the period	**21**		-	
Total current tax		**21**		-
Deferred tax				
Adjustments in respect of prior periods		-		-
Effect of tax rate change on opening balance		-		-
Tax on profit before taxation		**21**		-

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 The deferred tax liability at 1 April 2016 has been calculated based on these rates.
An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016

The current tax charge for the period is at the standard rate, *(2015. lower)* of corporation tax in the UK of 20%, (2015 21 15%). The differences are explained below

	2016	2015
	£'000	£'000
Current tax reconciliation		
Profit before tax	**106**	267
Current tax at 20% *(2015. 21.15%)*	**21**	56
Effects of		
Group relief surrendered / (claimed)	-	(57)
Total income tax charge (see above)	**21**	-

Notes *(continued)*

6 Property, plant and equipment

For the period ended 30 June 2016

	Fixtures and fittings	Total
	£'000	£'000
Cost		
At 4 July 2015	21	21
Additions	3	3
Disposals	(11)	(11)
At 30 June 2016	**13**	**13**
Depreciation		
At 4 July 2015	15	15
Charge for the period	1	1
Disposals	(11)	(11)
At 30 June 2016	**5**	**5**
Net book value		
At 30 June 2016	**8**	**8**
At 4 July 2015	6	6

7 Inventories

	Period ended 30 June 2016 £'000	Period ended 4 July 2015 £'000
Finished goods and consumables	**32**	25
	32	25

There is no material difference between the replacement cost of inventories and the amounts stated above.

Notes *(continued)*

8 Trade and other receivables

	For period ended 30 June 2016 £'000	For period ended 4 July 2015 £'000
Current assets		
Trade receivables	84	98
Amounts owed by group undertakings	854	772
	938	870

Amounts owed by group undertakings are repayable on demand.

9 Trade and other payables

	For period ended 30 June 2016 £'000	For period ended 4 July 2015 £'000
Current liabilities		
Other payables including taxation and social security	21	42
	21	42

10 Provisions

	Funding Provision £'000	2016 Total £'000	2015 Total £'000
Additional provisions made in the period	13	13	-
At the end of the period	13	13	-
Current		13	-
		13	-

A provision of £13,000 was made during the year, which comprises a NHS funding cut provision as announced by the DoH and NHS England and a provision for Category M adjustments relating to the NHS year ended March 2016

Notes *(continued)*

11 Called up share capital

	For period ended 30 June 2016 £'000
Allotted, called up and fully paid	
100 Ordinary shares of £1 each	-

IFRIC 2 determines the features, which allow shares to be classified as equity capital

12 Commitments and contingent liabilities

There are no capital commitments at the end of the current period and preceding financial year

13 Group Entities

Control of the group

On 30 June 2016 the ultimate parent undertaking of this Company is Bestway (Holdings) Limited

The parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Bestway (Holdings) Limited. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

14 Related parties
Identity of related parties

The Group has a related party relationship with its subsidiaries, associates, with its Directors and key management.

Transactions with other Trading Group subsidiaries
The Company had a non interest bearing receivable balance of £853,659 from Bestway National Chemists Limited at period end (period ended 4 July 2015 £772,161 receivable)

15 Financial instruments and financial risk management

(a) Financial risk management

The principal financial risk of the Company relates to the generation and availability of sufficient funds to meet business needs, including payments to members The Company has exposure to commodity prices and fluctuations in interest and foreign exchange rates, which can impact on financial performance.

The Board is responsible for approving the Company's strategy, its principal markets and the level of acceptable risks The Company operates a risk management process that identifies the key risks to the business Each operation has a risk register that identifies the likelihood and impact of those risks occurring and the actions being taken to manage those risks

(b) Determination of fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date

***Notes** (continued)*

(c) Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows

	For the period ended 30 June 2016		For the period ended 4 July 2015	
	Carrying amount	**Fair Value**	Carrying amount	Fair Value
	2016	**2016**	2015	2015
	£'000	**£'000**	£'000	£'000
Trade and other receivables	**938**	**938**	870	870
Cash and cash equivalents	**1**	**1**	1	1
Trade and other payables	**21**	**21**	42	42

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers The Company has no credit risk because all of its external trade receivables are guaranteed to be paid by the National Health Service on their due date.

Geographically, there is no concentration of credit risk

Credit risk is managed as follows

- aged analysis is performed on trade receivable balances and reviewed on a monthly basis,
- credit ratings are obtained on any new customers and the credit ratings of existing customers are monitored on an on-going basis;
- credit limits are set for customers; and,
- trigger points and escalation procedures are clearly defined.
- Customers considered "high risk" are placed on a restricted customer list, monitored and future sales are only made on a pre-paid basis

(e) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The policy on overall liquidity is to ensure that the Company has sufficient funds to facilitate all on-going operations As part of the annual budgeting and long term planning process, the Company's cash flow forecast is reviewed and approved by the Board. The cash flow forecast is amended for any material changes identified during the period e.g material acquisitions and disposals

Where funding requirements are identified from the cash flow forecast, appropriate measures are taken to ensure these requirements can be satisfied.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

(f) Market Risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is not exposed to currency risk, as all revenue is derived from the United Kingdom, and all expenditure is incurred within the United Kingdom.